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Political determinants of philanthropic funding for urban schools

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ABSTRACT

K-12 education philanthropy has grown rapidly since 2000, with major funders like the Gates and Walton foundations expanding their grant portfolios. We examine whether and to what degree place-based characteristics help explain funding for local school districts. Using an original database of grants from the 15 largest K-12 education foundations to the largest school districts in 2000, 2005, and 2010, we present three main findings. First, the set of districts receiving the most funds varies over time. Second, foundations tended to give to sites with capacity for reform in 2000; yet by 2010, funders increasingly targeted places embracing philanthropic priorities, including charter schools and Teach for America. Finally, major foundations increasingly gave grants to same districts as other major funders—producing a convergent pattern of funding. These rapid and dramatic changes introduce questions about how foundations and districts interact and whether these funds will produce sustained reforms.

In September 2010, Facebook co-founder and CEO Mark Zuckerberg made a major announcement on *The Oprah Winfrey Show*—he pledged \$100 million to Newark's schools. The media spotlight on Zuckerberg's announcement echoed an event from the early 1990s, when Walter Annenberg announced the \$500 million Annenberg Challenge alongside President Bill Clinton at the White House. The Annenberg Challenge supported urban school reform in 18 different sites and remains the largest single gift to K-12 education in the United States. Billionaires like Zuckerberg and Annenberg are not alone in their efforts to reform urban schools with large philanthropic contributions; wealthy funders have regularly contributed millions of dollars for education in recent years.

For urban school districts, large grants can significantly augment resources available for new initiatives. As an article on Zuckerberg's gift to Newark explains, the \$100 million pledge is “an extraordinary sum not only for a district with an \$800 million annual operating budget, but also for any publicly financed government agency” (Perez-Peña, 2010). Most philanthropic grants are not this large, adding only a small portion to existing public funds in school district budgets. Although the amount of grant dollars may be small compared to public spending, the substantive impact can be large; the money provided by foundations offers a rare opportunity to spend on new and innovative programs (Hess, 2005). Moreover, philanthropists are not simply seeking to augment school district budgets; philanthropic giving is often motivated by the policy preferences and goals of the funders. Zuckerberg described few specific policy preferences in his televised announcement, but he voiced his support for the educational visions of New Jersey Governor Chris Christie and then-Newark Mayor Cory Booker; this vision included agreement “on issues like expansion of charter schools, rigorous testing and rewarding teachers and administrators whose students succeed” (Perez-Peña, 2010). Such preferences are not unique to Zuckerberg—philanthropic funding for urban schools has often been used to support major reform initiatives (Reckhow, 2013).

How and why do philanthropists select particular urban school districts for major grant funding? Do foundations focus on existing politics and policies that are closely aligned with the funder's preferences? Or do foundations consider other factors, such as nonprofit engagement in the district or academic achievement levels? We analyze factors that could drive major private funding for urban school districts, including the need for funds, administrative and civic capacity, and a district's reform environment.

In addition, by comparing philanthropic giving from the 15 largest K-12 education foundations in 2000, 2005, and 2010, we investigate whether the factors that shape philanthropic grants to urban districts have changed over time. New foundations, including the Bill & Melinda Gates Foundation and the Eli & Edythe Broad Foundation, have grown in prominence and increased their education grantmaking significantly. Urban education's reform environment also changed significantly during this decade. Accountability, market-based reforms, and service contracting, which have long-established policy histories in other issue areas, have become much more prevalent in education (Henig, 2009). How do changes in philanthropy and the policy environment of education impact the sites that philanthropists target with funds?

To examine city- and district-level determinants of philanthropic giving to the largest districts, we utilize all grants directed toward K-12 education by the 15 largest foundations in 2000, 2005, and 2010. We analyze if and how measures of district needs, capacity, and reform environment predict grants, and whether explanations change over time. Using regression models, we show that the factors driving philanthropic funding for urban schools have changed over time. In 2000, factors related to districts' administrative and civic capacities were associated with grants. By 2010, those districts most aligned with major education policy reforms increasingly attracted philanthropic dollars. Consequently, the districts receiving the most philanthropic funding have changed substantially over time and many districts experienced wide fluctuations in philanthropic funding. In the conclusion we evaluate the consequences of a foundation strategy tied to national level reform models for the politics of urban schools.

Background

Philanthropic attention to K-12 education issues is not a new phenomenon, but the players have changed substantially in recent decades. Foundations like Ford, Carnegie, and Annenberg have long been trying to improve education through their grantmaking. Perhaps no initiative better encapsulates these efforts than the Annenberg Challenge, which provided \$500 million in grants after its announcement in 1993. These funds required districts and nonprofits to work collaboratively for educational improvement. In recent decades, the set of large education grantors includes newer foundations like Gates, Broad, and Walton, which emerged from fortunes made in computer technology, investment, and retail, respectively. Often, these funders are classified as venture philanthropies due to their more pronounced focus on measurable returns for their grants (Scott, 2009).

The amounts given to K-12 education by the 15 largest education philanthropies in 2000, 2005, and 2010 have also increased as these new foundations became more active. In 2000, granting to K-12 education totaled \$486.6 million (in 2010 dollars). In 2010, the figure grew to \$847.6 million, a 73% increase. Thus, from 2000 to 2010, newly emergent foundations became increasingly represented within the set of largest education philanthropies, and this group gave a rapidly increasing amount to K-12 education.

Issues in urban education

Roughly a quarter of all K-12 grants made by the largest philanthropies target one of the 100 largest districts. Indeed, urban districts often represent the frontlines of political battles for the future of public education, as activists and school district leaders spar over school closures, charter school expansion, state takeovers, and teacher dismissals (Lipman, 2015). Urban districts are an epicenter

for education battles because they tend to face a concentrated set of problems. Kozol (1991) finds schools in low-income or minority areas are disproportionately in disrepair, without textbooks, and understaffed. Other research shows that urban school teachers are typically less qualified than teachers in nonurban districts. Furthermore, these disparities are worsened by teacher turnover; the most qualified teachers are most likely to leave an urban district (Lankford, Loeb, & Wyckoff, 2002). Given a host of challenges, it is perhaps no surprise that large cities scored lower than national averages in math, reading, and science on the most recent National Assessment of Education Progress.¹

Just as educational outcomes are influenced by in-school factors, they are also dependent on social and economic forces. Rothstein (2004) provides a comprehensive overview of the various nonschool factors influencing low-income and minority students. One factor is healthcare access—children from low-income households have a higher incidence of medical problems and less access to medical care. Moreover, wealth accumulation, the amount of time spent in poverty, parental unemployment, student transience, and learning loss during summer all influence student achievement. Students and families in cities face many of these issues, illustrating the broad nature of urban education problems.

Moreover, political contexts within and surrounding districts shape whether and how reform transpires. Governance systems can impact the opportunities for participation and influence among Blacks and Latinos (Chambers, 2006; Henig, Hula, Orr, & Pedescleaux, 1999), and urban districts experience frequent leadership changes and shifting reform agendas (Hess, 1999). Also, prior research highlighted teacher unions as the dominant political force in urban districts (Moe, 2006; Rich, 1996). However, the political strength of teacher unions may have weakened, as many of the largest urban school districts have significantly expanded their charter school sectors and piloted new approaches to teacher evaluation (Greenhouse, 2012).

Funding urban education: Needs, capacities, and reforms

Foundations that seek to change urban education must navigate this terrain, and by giving large grants they may also have the power to reshape the political ground they walk on. The existing research on foundation grant distribution to urban schools is still somewhat limited, and includes many case studies and explanations of broad national trends (Jenkins & McAdams, 2005; Lipman, 2011; Saltman, 2010; Scott, 2009). A common theme in these studies is the role of foundations in promoting charter school expansion. Scott and Jabbar (2014) further conceptualize the role of foundations as the “hub” that supports organizations producing research evidence, communicating with policymakers, and expanding the charter school sector. They show how foundations play this coordinating role in New Orleans, Denver, and New York City. These studies provide important evidence about the impact of philanthropic funding on urban schools; however, because researchers selected cases with significant grant funding, they cannot show why some places got much more funding than others.

Only a few studies have examined urban education philanthropy quantitatively with a large cross-section of urban districts. Some have examined the role of school governance (including mayoral or state control of schools) as a factor explaining grant distribution to districts (Carr, 2012; Reckhow, 2013). School districts with mayoral or state control—rather than an elected school board—received significantly more grant dollars per student in 2005 (Reckhow, 2013); however, mayoral or state control did not significantly predict grant distribution in 2009 (Carr, 2012). These studies suggest that governing institutions have played a role in the distribution of foundation grant dollars, but foundations may have shifted grantmaking strategies over time.

Although large-*N* studies of foundation grants to urban schools are not widespread, a broader literature examines federal grant funding to cities and may suggest reasons certain districts attract outside funds. We note some key similarities between private philanthropic grants and many federal grant programs. Both typically seek to advance particular policy goals, and both can distribute funds

on a national scale using place-based targeting—that is, grants specifically flow to a certain location because it exhibits a desirable trait to funders. The research on federal grant distribution has examined the role of place-based factors related to need, local capacity, and alignment with federal policy goals. Rich (1989) assessed the distribution of grants from six federal urban programs, showing that these programs involve considerable need-based targeting. Collins and Gerber (2006) showed that indicators of local government administrative capacity, such as total employees and operating budgets, are positively correlated with the number and amount of federal awards within specific programs, and Hall (2008) found that local governmental administrative capacity is positively related to total federal grants per capita. Lowe, Reckhow, and Gainsborough (2016) show that civic capacity—including nonprofit organizational density—is a predictor for receiving competitive transportation grants at the metropolitan level. Gimpel, Lee, and Thorpe (2012) examined the distribution of American Recovery and Reinvestment Act (ARRA) funds, showing that county-level need did not predict the distribution of ARRA grants; instead, the counties that received the most funds had the local capacity to advance ARRA's policy priorities. Thus, depending on the programs included in the study, researchers have shown that local needs, administrative capacity, civic capacity, and alignment with policy goals have each been significant factors in the distribution of federal grants. We similarly structure our analysis around school and city needs, capacities, and reform characteristics.

Funding needs

Studies of philanthropic grant distribution typically begin with the assumption that funders want to support places with great need. Throughout the 20th century, many philanthropic efforts sought to ameliorate problems caused by social and economic inequality (Colvin, 2005). Said one Ford Foundation officer, “Our concern is, who is benefiting? Are the poorest of the poor benefiting? We’re supposed to worry about them. We’re a philanthropy” (Petrovich, as quoted in Colvin, 2005, p. 24). We measure school district-level need using one indicator of socioeconomic status, child poverty rates, and one indicator of academic achievement, high school graduation rates.

Funding capacities

To improve education outcomes, foundations also fund initiatives to expand capacity both within and surrounding schools; thus, existing indicators of capacity could be important to private funders. Following the literature on local government capacity, we examine two common indicators of administrative capacity within schools: financial resources (per-pupil expenditures) and staffing resources (pupil-teacher ratios). Funders may be attracted to places with greater financial resources and/or staffing capacity, either due to proactive grant-seeking by districts or funders’ expectations that high-capacity places are more capable of innovation.

We also assess a second type of capacity—the civic capacity surrounding local school districts. The concept of civic capacity draws upon studies of school reform in 11 urban districts (Henig et al., 1999; Portz, Stein, & Jones, 1999; Stone, Henig, Jones, & Pierannunzi, 2001). Civic capacity involves two main components, which enable sustained attention to urban education reform: (1) civic mobilization—the active involvement by many community sectors beyond those traditionally involved in education, and (2) issue definition—the ability of these sectors to prioritize a particular problem (Stone et al., 2001). The original civic capacity studies emphasized informal collaboration through nongovernmental organizations; however, more recent work has shown that formal governing institutions can also play a significant role in the development of civic capacity (Swanstrom, Winter, Sherraden, & Lake, 2013). Our analysis incorporates measures of both informal and formal institutions for civic capacity.

To account for informal capacity, we measure human capital as the percent of the population with graduate degrees and organizational capacity based on the density of nonprofit advocacy organizations. Funders are likely to be attracted to places where these types of informal capacity are more

abundant. In addition, we examine the role of formal governing institutions, including whether an elected board governs the school district, or if the district is under mayoral or state control. We anticipate that some foundations view mayoral or state control as an indicator of stronger civic capacity for reform. For example, in 2008, while discussing his foundation's reform efforts on CNN, Bill Gates said results were being found in those places "where there's a single person responsible [for education policy]."² It is in these places, Gates argued, where older practices can be challenged and new reforms tried.

Although some of the research on civic capacity also supports the view that mayors can play a crucial role in mobilizing a community around a shared agenda for reform (Marschall & Shah, 2005; Meier, 2004), the foundational studies on civic capacity in education also show some limits to primarily elite-led approaches. According to Stone (2001), "The highest levels of civic capacity rest on an ability to engage not just an array of strategic elites but also a broad base of ordinary participants" (p. 614). More recent studies similarly find that elites may matter a great deal for urban school reform, but they are not the most important piece of the reform puzzle. For example, Warren (2011) argues that without an organized constituency based on broad parental support, urban education reforms will encounter limits to their effectiveness and longevity.

Broadly based civic capacity likely produces better long-term results for educational reform efforts, but we expect that major foundations will focus on places exhibiting the potential for elite stakeholder involvement. We anticipate this based on preferences for clear decision making authority (like Gates above) and research on philanthropy that shows foundations typically favor elite-led strategies for social policy reforms (Aksartova, 2003; Jenkins, 1998; Lagemann, 1989). Thus, we operationalize civic capacity with variables that account for the potential for broad engagement of civic elites, particularly the mayor and local nonprofit organizations. Our argument is that these indicators are more influential to foundations, not that the elite mobilization component of civic capacity is most important for urban school reform.

Funding reforms

A third approach to place-based targeting could be funding districts that can pursue policies and strategies most aligned with the grantor's goals. With this strategy, the funder's policy preferences drive the selection of places with favorable institutions and existing policies. Historically, philanthropies financed research and advocacy that supported litigation to change funding systems in states with school finance inadequacies (Colvin, 2005). Consistent with their beliefs and priorities, foundations supported similar education reform goals in various places with supportive institutional environments.

The rise of newly influential education philanthropies coincides with the rise of new policy preferences. New foundations have drawn conclusions from past reform efforts that were subsequently labeled failures. For example, as one evaluation of the Annenberg Challenge stated, it did not "challenge the status quo; rather, it relied upon much the same set of relationships and processes that had yielded the status quo in large public school systems" (Domanico, 2000, p. 1). This led many to characterize the Challenge as a "failure" because it did not dramatically alter education outcomes. Another reason the Challenge may not have produced the results many hoped for was that resources were spread diffusely. As a board member of Los Angeles' lead Challenge organization explained, "We spread ourselves too thin," and more would have been accomplished "if we had taken on fewer [groups of schools]" (Annenberg Foundation & Annenberg Institute for School Reform, 2002, p. 28).

These lessons from the Annenberg Challenge's perceived failure sent newer foundations in search of new strategies for school reform. Scott (2009) examines how charter schools have been one such area. Central to reforms favored by new foundations, she argues, is the fact that "[they challenge] longheld notions about the allocation of power within school systems" (Scott, 2009, p. 132). Foundations like Gates, Walton, and Broad were early investors in reforms that challenged the

“status quo,” including alternative pathways to teacher certification (such as Teach for America) and charter schools. Many of these organizations compete with traditional public sector institutions in education, acting as “jurisdictional challengers” within education (Mehta & Teles, 2012).

We use two measures of a district’s reform environment and openness to jurisdictional challengers. First, we include an indicator of whether the district is located in a state that is rated as having strong charter law according to the Center for Education Reform, as this likely provides a close approximation to how advocates and philanthropic leaders view these laws. Second, we include a variable signifying whether the district was a Teach for America site in our sampled years. Districts that have established partnerships with TFA may be more willing to expand reforms linked to jurisdictional challengers. While many reforms exist in urban education, we include these two because they involve popular systemic reforms that can restructure traditional education institutions—often by introducing new private actors into the system.

Expectations

Our analyses allow us to examine two dimensions of variation in grant distribution. First, there is variation in the characteristics of school districts based on their need, their capacity to alter and support education systems, and their policy reform environments that prioritize certain initiatives. Second, there is variation in the time when grants were made and the changing mix of foundations involved in education philanthropy. Figure 1 summarizes our expectations along these two dimensions.

Our study includes foundation grants from the top K-12 funders in 2000, 2005, and 2010. We expect that the factors predicting which places receive the most grant dollars in 2000 will include the indicators on the left-hand side of Figure 1; while the indicators on the right-hand side of Figure 1 will be significant predictors by 2010. We expect this change because foundations have shown clear desires to broadly and dramatically alter education systems in recent years, rather than working through existing institutions. Tompkins-Stange (2013) describes the contrast between funders that seek to “circumvent bureaucratic blockages and catalyze innovation” and funders that emphasize “the process of building capacity among field actors” (p. 133). The funders that prioritized process and capacity building were more prevalent in 20th-century philanthropy, such as Annenberg, Kellogg, and Ford. The Annenberg Challenge, which extended from the mid-1990s to the early 2000s, empowered local nonprofits and district leaders to design strategies for urban school reform; in these respects, it drew upon a capacity-building strategy. Meanwhile, the funders that increasingly dominate education grantmaking in the 21st century, including Gates, Broad, and Walton, prize “transformative outcomes” (Tompkins-Stange, 2013, p. 134). Rather than prioritizing district-level need or administrative capacity, these new foundations may seek out places with elite-driven civic capacities or places with institutions and policies that can facilitate rapid implementation of the foundation’s priorities.

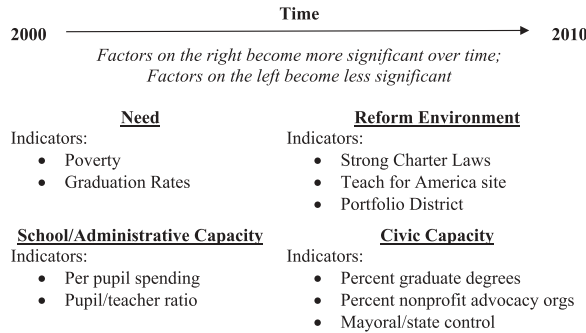


Figure 1. Expectations about foundation grants to districts.

Data and methods

This study uses Tobit regression to examine if need, capacity, and reform variables help predict district-level grants from the 15 largest K-12 philanthropies in three different years: 2000, 2005, and 2010. For each year, the Foundation Center published lists identifying the largest K-12 grantmakers, which can be found in Appendix 1. Reckhow (2013) used this information to collect grant data for the 15 largest K-12 philanthropies in 2000 and 2005, and we similarly added 2010 grants.³ Because our dependent variable will never be negative but can include zero, we utilize Tobit regression models to account for the censored nature of grantmaking data.

We narrow our analyses to the largest 100 districts (by enrollment) in 2000, 2005, and/or 2010 because our research questions concern district and city characteristics that might attract philanthropic dollars. Due to somewhat fluid enrollments, this set fluctuates slightly across years and our final sample includes any district that was one of the 100 largest in any of the three years. We add one district, Newark, New Jersey, because it recently attracted philanthropic dollars and had enrollments near those of other districts in the set (Newark had only 620 fewer students than the 100th largest district in 2000).⁴ We also subtract one district, Hawaii, because it covers an entire state. Overall, this leaves 107 total districts in our sample.

In each model, our dependent variable is grant dollars targeting a given district on a per-student basis. Each foundation reports all grants in a given year on their IRS Form 990-PF, and this form may also include information about grant recipient locations and the grant's purpose. We recorded all available data on grants for K-12 education in these years. If grant locations and/or purposes were not identified in tax filings, we conducted Internet searches to fill in this information. Based on locations identified with each grantee or within the grant description, we assigned grants to the districts they seek to influence. Although grants often go to organizations located within the district, they also may go to recipients located elsewhere. For example, the Gates Foundation gave \$150,000 to Teach for America (based in New York City) in 2010 to expand its work in Albuquerque, New Mexico; this grant is included in Albuquerque's 2010 total. We adjust all figures for inflation and report them as 2010 dollars and divide each district's total grants by its enrollment in each year.

Independent variables encompass the three broad rationales that may help explain grant targeting: need, capacity, and reform environment. In the descriptions below, only those variables that may be unfamiliar to the reader are discussed at length. Appendix 2 presents variable information in table format.

We include potential economic need (percent of the district's population aged 5–17 that live in poverty) and academic need (graduation rate) in our models.⁵ Poverty data come from the U.S. Census Bureau's Small Area Income and Poverty Estimates. Districts frequently do not report comparable graduation rates because standards for reporting are not uniform across the nation (e.g., differences in rates if using 4- or 5-year graduates). Thus, this study uses an alternative calculation known as a cumulative promotion index (CPI). As Swanson (2003) describes, this index treats high school completion as a series of three grade-to-grade transitions and another transition from 12th grade to diploma.⁶ The National Center for Education Statistics (NCES) provides enrollment counts by grade and information about diploma recipients, which were used to calculate graduation rates (Appendix 2 further explains the CPI formula).

We use two variables to indicate school/administrative capacity and three variables to measure potential civic capacity. At the school level, NCES provides information on per-pupil expenditures and pupil-teacher ratios.⁷ Civic capacity is measured by advocacy organization density, the percent of the local population holding graduate degrees, and school governance format. The Economic Census reports the number of social advocacy nonprofits at the metropolitan statistical area (MSA) level, which is modeled as number of advocacy organizations per 100,000 residents.⁸ Educational attainment data come from decennial Census and 2005 American Community Survey. A binary variable for school district governance indicates whether a district was under state- or mayoral-control in that year.

Finally, a third set of variables highlights potential reform conditions that could attract philanthropic dollars. The first of these is whether or not the district was a Teach for America (TFA) site.⁹ TFA's website includes information about when each site launched and also provides mapping information identifying areas where corps members are actually placed (which were cross-referenced with district boundaries when necessary). Since 1996, the Center for Education Reform (CER) has released frequent reports that rank and grade every state's charter law, which we use as our second reform variable. Our measure indicates whether a state had "strong" laws according to CER (those graded an "A" or a "B"). Each reform indicator is a binary variable.

Following Tobit regression analyses, we also highlight the districts in which various foundations converged their grants. In this instance, convergent grantmaking means those places where multiple foundations made investments. By identifying places in this way, we examine whether a consensus existed among the largest funders about where to invest, whether agreement changed over time, and whether the characteristics of these districts are aligned with our statistical findings.

Results

Our set of school districts averaged \$9.48, \$11.43, and \$20.91 grant dollars per student in 2000, 2005, and 2010, respectively. However, districts varied widely—standard deviations ranged from a low of \$36.96 in 2000 to \$76.65 in 2010. These amounts are small, relative to overall school budgets. For example, as seen below, Washington, DC in 2010 was the biggest per-pupil beneficiary in our data. Even though foundations gave over \$700 per student, this amount represented approximately 1.5% of DC's total public education budget in 2010.¹⁰ Thus, even though amounts vary, foundation grants are a small fraction of total district budgets.

Figure 2 shows grant dollars per student received by different districts in 2000, 2005, and 2010 (reported in 2010 dollars for each year). Each district displayed in Figure 2 ranked as one of the 15 largest per-pupil grant recipients in at least one year of our data. The figure clearly shows two things. First, a small number of districts often received much more foundation support compared to others. Seattle received the most in 2000, \$351.22 per student, but the next highest totals were Oakland (\$78.30), Detroit (\$76.96), and Houston (\$76.43). In 2005, Oakland (\$276.23) and Boston (\$223.73) far outpace third-place Seattle (\$96.76). Washington, DC received far more than any other district in 2010, \$704.54 per pupil.

Second, Figure 2 shows that the districts receiving the most funds changed considerably over time. One of the 15 largest recipients in 2000, Palm Beach County, Florida did not receive any grants in either 2005 or 2010. After ranking in the top five recipients in 2000 and 2005, Boston dropped out of the top twenty by 2010. Portland and Sacramento received grant totals in 2005 far exceeding

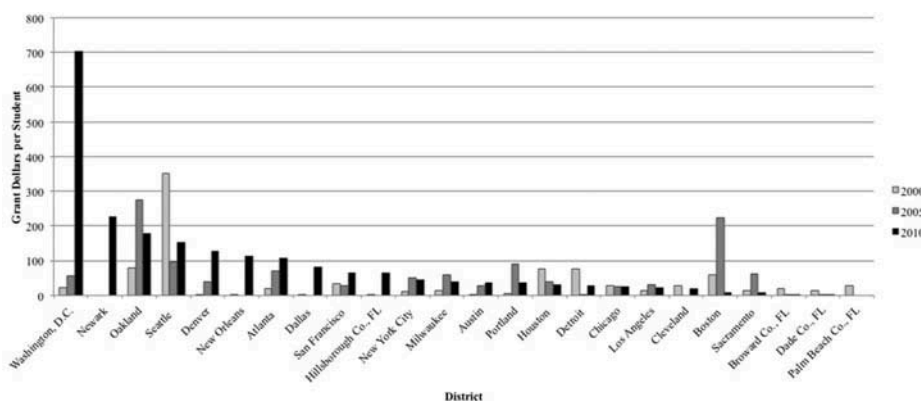


Figure 2. Districts receiving most grant dollars, 2000, 2005, 2010.

either 2000 and 2010. Moreover, many of the districts receiving the most per-pupil grant dollars in 2010 had large increases from previous amounts, including Washington, DC, Newark, Denver, New Orleans, and Dallas. These descriptive results suggest that some districts have characteristics that attract a disproportionate amount of grants and that the districts and characteristics seem to change over time.

Table 1 shows Tobit regression results for the years 2000, 2005, and 2010 (see Appendix 3 for all summary statistics). Only one similarity persists in all three models: the percent of local residents with graduate degrees consistently predicts whether a district receives more grant dollars. However, it is clear that the percent holding graduate degrees was roughly twice as predictive in 2005 (effect size of 1.07) as it was in 2000 or 2010 (0.58 and 0.54, respectively). Thus, this may give preliminary indication that civic capacity surrounding districts better explains granting in 2005 than in other years.

Differences were more common than similarities in statistical results across years. In 2000, more grant dollars went to districts with greater school/administrative capacity. Those districts with expenditures per student one standard deviation higher than average would be expected to receive \$27.48 more in grant dollars per student. One indicator of civic capacity is associated with more grant dollars per student; a district would be predicted to receive \$21.53 more in per-student grants if the ratio of local residents with graduate degrees is one standard deviation above the sample's average. These results partly match our expectations that foundations will invest in places with more capacity. Meanwhile, another variable runs counter to our predictions. Rather than investing in districts with low pupil-teacher ratios, the largest philanthropies gave more to districts with higher ratios (\$22.62 more grants per student with a one standard deviation increase). One potential explanation may be that pupil-teacher ratio could be thought of as either "capacity" or a "need" variable, depending on its directionality. Absent the capacity indicated by a low pupil-teacher ratio, funders may instead funnel money to those districts exhibiting need due to lower staffing capacity.

The 2005 model shows a very different picture than in 2000. First, evidence suggests that academic need became a predictor—schools one standard deviation below the mean in CPI (graduation rate) would be expected to receive \$25.26 more per student. Second, measures of civic capacity play a larger role in 2005. The percent of the population with graduate degrees remains significant, as

Table 1. Tobit regression results: K-12 grant dollars per student 2000, 2005, 2010.

	2000	2005	2010
Poverty rate, 5–17-year-olds	1.718 (1.053)	1.882 (1.183)	4.521** (1.646)
Graduation rate (CPI)	–0.967 (0.602)	–1.674* (0.832)	–0.838 (1.003)
Expenditures per student	0.020** (0.006)	0.003 (0.004)	0.014** (0.004)
Pupil-teacher ratio	8.996** (3.303)	6.305+ (3.718)	–4.560 (4.731)
Advocacy organization density	1.278 (3.209)	6.763* (2.977)	5.256 (5.310)
% of population with graduate degree	4.982* (1.996)	9.440* (2.348)	7.697** (2.456)
State- or mayoral-controlled governance	7.937 (26.721)	62.422* (25.600)	–56.830 (42.199)
Teach for America site	–22.303 (17.445)	–6.775 (17.466)	49.250* (22.468)
District in state with strong charter laws	1.836 (15.228)	18.153 (15.778)	60.454* (22.967)
Constant	–347.295** (85.950)	–238.154* (107.867)	–324.859* (128.666)
Likelihood-ratio χ^2	41.38**	58.11**	78.12**
N	100	106	104

Notes: N changes due to varying missing data points in each year. When using a balanced panel, N = 96, the results remain consistent. Figures are unstandardized regression coefficients (standard errors in parentheses). One-tailed test of significance + $p < 0.1$; * $p < .05$; ** $p < .01$.

it was in 2000, and we would anticipate a district to receive \$40.80 more grant dollars per student should the educational attainment increase a standard deviation. Similarly, districts in areas with an advocacy organization density one standard deviation above the mean would receive an anticipated \$16.39 increase in per-pupil grants. Although these three variables help explain district-level grant receipts, the best predictor by far was district governance. Districts with state or mayoral control would be expected to receive \$62.42 more in grant dollars per student than districts governed by elected boards in 2005. Thus, among indicators of civic capacity, foundations seemingly viewed mayoral or state control of schools as the most attractive investment opportunity in 2005.

In 2010, the most important predictors of foundation grant dollars shift again. One variable indicating need, the percent of children aged 5–17 in poverty, shows significance for the first time. One civic capacity measure (percent holding graduate degrees) and one measure of administrative capacity (district expenditures per student) were also positive and statistically significant. Most influential, however, is a district's reform climate as measured by TFA site status or whether it was in a state with "strong" charter school policies. In 2010, districts that were TFA sites would receive an expected \$49.25 more per student. Those in states with strong charter laws would have predicted per-student grant increases of \$60.45. These two reform climate variables were far more predictive than the other significant variables—only through a one standard deviation change would any of the other three variables come near the effects of either TFA site status or charter law strength.

The results in 2010 tell us that, unlike the other years, foundations provided more grant dollars to places clearly embracing preferred reforms. Given the rise of new foundations among the largest 15 funders in 2010, this makes sense. New foundations more often support reforms that challenge the status quo and traditional education systems. Furthermore, Tompkins-Stange (2013) found that, unlike traditional education philanthropy, which often sought to foster engagement and develop proposals through grassroots groups, newer foundations often seek out grantees that enact a vision developed by the foundation.

The statistical results show that city and district characteristics attracting philanthropic dollars changed substantially over time. In 2000 and 2005, capacity-related variables best predicted foundation investments in districts. However, the types of capacity shown to matter changed between the two years. In 2000, both civic capacity and district administrative capacity predicted more funding. In 2005, civic capacity variables showed significance (along with, to a lesser degree, the district's academic need). By 2010, although indicators of need and capacity corresponded with grant totals, the strongest predictor was having a reform environment conducive to jurisdictional challengers.

Convergent grantmaking

Our analysis shows that the largest foundations have shifted their grantmaking strategies over time based on place-based characteristics. The magnitude of variables related to capacity in 2005 shows aligned foundation preferences for those places with certain capacities for reform. By 2010, indicators of national reform strategies (e.g. charter schools and TFA) suggest that funders with similar and highly visible policy priorities may increasingly coordinate their giving. Yet statistical models do not show whether these changes across the philanthropic sector might lead multiple funders to give grants to the same places. We examine this pattern by identifying places where multiple foundations provided grants in the same year, a pattern we call convergent grantmaking. Anecdotally, there is evidence that foundations are intentionally coordinating their grants to specific places. A 2010 Philanthropy Roundtable event in Detroit made an explicit appeal for this: "A critical mass of funders and reformers in Detroit are now connecting with high-performing urban education reformers across the country, opening a window of opportunity for the city's troubled schools."¹¹

Convergent grants indicate a common preference among many foundations for a specific district. Table 2 shows which districts received grants from at least six of the 15 largest K-12 foundations.

Table 2. Districts with six or more major funders.

2000	2005	2010
Chicago <i>Funders: 6</i>	New York <i>Funders: 9</i> Oakland <i>Funders: 7</i> Los Angeles <i>Funders: 6</i>	New York <i>Funders: 12</i> Washington, DC <i>Funders: 11</i> Los Angeles <i>Funders: 7</i> Chicago <i>Funders: 6</i> Houston <i>Funders: 6</i> New Orleans <i>Funders: 6</i>

We believe requiring a district to have grants from more than a third of the top 15 funders to be a relatively high bar and that those places meeting this threshold likely exhibit traits most broadly appealing to funders. Moreover, if the list of districts meeting this criterion grows over time, it signals an increasing consensus about where to target grants.

As shown in Table 2, only Chicago received grants from at least six of the funders in our set in 2000. Chicago was also above average in the three areas shown to best predict grant receipts in 2000 (per-student spending, pupil-teacher ratio, and percent of the city with graduate degree). By 2005, this list grew to three districts, and two of these—New York and Oakland—had mayoral or state control in 2005 (which was by far the strongest predictor of grants that year). In 2010 the list grows to six districts, all of which were TFA sites at that time. Furthermore, three of the six were also in places with strong charter laws (New York, Washington, DC, and Los Angeles). Thus, the main themes identified by statistical analyses are also shown in the places receiving grants from at least six of the largest grantors in each year.

Conclusion

Our results show that foundations prioritized places based on their local capacities for reform in the early and mid 2000s, but by 2010 funders increasingly let their own policy preferences dictate funding sites. This change holds important implications for the nature of education philanthropy and the directions of urban school reform. Rather than building on varied local capacities, funders seek places to advance specific policy preferences, and many top funders evidently share the same preferences. Major foundations appear to congregate around particular urban districts, a picture that became increasingly clear over time.

Nonetheless, within five years there may be a collective shift to a new preferred strategy and foundations may substantially alter their approaches. As a consequence, new districts gain an advantage in capturing philanthropic dollars and others lose support. Given difficulties endemic to urban school reform, such quick shifts in policy direction may prove counterproductive. Do districts maintain foundation-backed initiatives after grants end, or does support cease with funding? If these reforms continue without foundation support, philanthropies may be doing a better job enabling self-sustaining programs and reforms than some think (e.g., Greene, 2015). If districts end grant-supported initiatives once funding ceases, foundation dollars might amount to little more than another part of district reform churn and fail to develop the sustained attention necessary to urban school improvement (Stone et al., 2001).

Newark exemplifies many features of this new pattern of grantmaking, as well as some of the risks. The district was apparently off the radar for major education funders in 2000 and 2005, but it attracted over \$200 in grants per pupil in 2010 from the 15 largest K-12 funders in our data set. With Zuckerberg’s gift included, this per pupil figure would be much higher. Prior to Zuckerberg’s grants,

Mayor Cory Booker had already started raising funds from Gates, Broad, Walton, Robertson, and Fisher to support the Newark Charter School Fund (Russakoff, 2014). A massive concentration of philanthropic resources in one city to support common purposes would seem to be a good thing, but recent reporting on the progress of school reform in Newark suggests otherwise.

Russakoff (2014) describes millions of dollars spent on consultants and significant political backlash and frustration among local residents. In particular, the process of spending the money and developing priorities became a major source of conflict in Newark, with the growing perception that outsiders were controlling the schools; “despite millions of dollars spent on community engagement—[district leaders and philanthropists] have yet to hold tough, open conversations with the people of Newark” (Russakoff, 2014). The discussion of outsider involvement versus local interests was particularly pronounced during the 2014 mayoral election between Ras Baraka and Shavar Jeffries. At a campaign event, Baraka argued, “We have to reform our own schools and find good-willed and fair-minded people to help us, not hedge fund groups and special interests” (Russakoff 2015, 191). Baraka defeated Jeffries in the election; however, the district remains under state control, limiting Baraka’s authority to alter the policy direction of Newark’s schools. The Newark example provides an important reminder that each district receiving philanthropic funding has its own distinct political context and that local constituencies are unlikely to wait on the sidelines while their school system is substantially altered. Moreover, the infusion of funds from many outside philanthropists can create additional concerns—particularly related to transparency in decision making and the efficient allocation of funds.

Instances of philanthropic involvement similar to Newark’s experience have created many vocal critics, most notably Diane Ravitch. In her analysis and critique of the current wave of education philanthropy, Ravitch contends that foundations influence policy in ways that undermine democratic processes (Ravitch, 2010). The allure of grant money, Ravitch believes, lets the wealthy control public school agendas in many places without sufficient public oversight (Ravitch, 2010). Though our findings cannot speak to these tensions specifically, Ravitch may be right that districts are adapting to philanthropic preferences to attract funds. If this is the case, foundations might be exerting political influence disproportionate to their relatively small contributions (compared to overall K-12 spending). However, it could also be the reverse, and initiatives enabled by grants are reforms that local policymakers want to pursue in their districts, but are unable given political, financial, or other barriers. Thus, philanthropies could provide the monetary nudge toward certain policies and programs that districts need or want. Yet if the decisions to adopt foundation-supported reforms are made through nontransparent processes, or if leaders use strategies to bypass traditional governing institutions, the reforms may still provoke backlash against the process from critics like Ravitch and the local community. Recent accounts of philanthropic involvement in large urban districts show that private money channeled through more centralized and less transparent governing institutions is not conducive to building broad community support (Reckhow, 2013).

The period from 2000 to 2010 was a changing of the guard in K-12 education philanthropy. As new philanthropies increased their presence, we find that the district- and city-level factors attracting grants changed substantially and foundations prioritized places embodying preferred reforms. Our clearest addition to prior research is showing that place-based explanations are required to understand changes in education philanthropy. Future research should continue to examine the changing set of local characteristics appealing to funders, what happens to initiatives after foundations move on to new priorities, and whether granting strategies create political tensions within and surrounding districts. Moreover, future research should examine the long-term implication of the rise of new foundations in education. With broader national reform strategies driving philanthropic funding for urban districts, has local education politics become increasingly nationalized? If so, what are the long-term implications for local groups and constituencies? What channels remain available for these groups to respond, resist, or adapt to the greater involvement of foundations and other national level reform groups in their districts? The findings from these future studies will clarify foundation involvement in, and implications for, urban education reform.

Notes

1. At writing, this sentence reflects the most recent reported assessments (2015 for math and reading, and 2011 for science). http://www.nationsreportcard.gov/data_tools.aspx
2. https://www.youtube.com/watch?x-yt-cl=84503534&x-yt-ts=1421914688&v=fSSYHj_6dXU; Accessed June 3, 2015.
3. At writing, the most recently available 990-PF filings were often from 2012. Thus, 2010 allows us to analyze grantmaking at regular intervals while also using one of the most recent years available.
4. Although this study's sample includes Newark, Zuckerberg's highly emblematic grant is not in our data set.
5. We originally modeled racial characteristics (percent nonwhite students in a district) because persistent racial achievement gaps exist. However, we omit the variable in our reporting here because race measures are highly collinear with poverty variables (correlation coefficients between 0.74 and 0.83 in each year).
6. CPI has two benefits over other graduation rate calculations. First, it provides information in a more real-time manner on the likelihood a ninth grader within a district will receive a diploma in four years. By placing a strong emphasis on current district conditions, this type of measure may be more closely related to how foundations view graduation rates at a specific time than other measures. Second, CPI estimates can be compared across districts because they are calculated the same way in each.
7. We examined potential multicollinearity between expenditures and pupil-teacher ratio because a strong relationship may exist between teacher costs and overall spending. To investigate, we examined Pearson correlations and variance inflation factors (VIFs) in our models. At their highest, the Pearson correlation (0.46) and VIF (1.26) do not suggest strong multicollinearity. Moreover, Pearson correlations and VIFs fell in each subsequent model, indicating the relationship between these two variables weakened over time. To be certain, we also ran our models and removed pupil-teacher ratio. Results were very similar and do not change conclusions.
8. This is difficult to calculate for the districts around Washington, DC. Due to the sheer number of organizations seeking to influence federal policy, this figure becomes unnaturally inflated for our purposes. We therefore assign the average density found across our sample in each year to the districts around DC. This is undoubtedly a conservative estimate of the Capital region's advocacy organization density, and our findings became more pronounced as we did robustness checks using greater values for advocacy density.
9. We examined whether including TFA sites as an independent variable and grants to TFA in our dependent variable presented problems by conducting analyses both including and excluding TFA grants in our dependent variable calculations. Results were virtually identical in every year, and we report results for the models that included TFA grants.
10. http://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/2011_Volume_1-Executive_Summary_Web.pdf; Accessed October 15, 2015.
11. http://www.philanthropyroundtable.org/events/from_rust_to_renaissance; Accessed November 2, 2014.
12. Source: The Foundation Center. In the time since we found these lists, the Foundation Center has changed its grant reporting to a new FC Stats interface and seems to no longer report the largest foundations in this manner.

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Appendix 1: Top 15 grantmakers to K-12 education, 2000, 2005, and 2010¹²

Largest donors to K-12 Education in 2000

1. Bill and Melinda Gates Foundation
2. The Annenberg Foundation
3. Walton Family Foundation, Inc.
4. J.A. and Kathryn Albertson Foundation, Inc.
5. The Ford Foundation
6. Wallace-Reader's Digest Funds
7. Lilly Endowment, Inc.
8. The Joyce Foundation
9. Ross Family Charitable Foundation^a
10. The Brown Foundation, Inc.
11. Carnegie Corporation of New York
12. The William and Flora Hewlett Foundation
13. The Skillman Foundation
14. Bank of America Foundation, Inc.
15. W.K. Kellogg Foundation

Largest donors to K-12 Education in 2005

1. Bill and Melinda Gates Foundation
2. Walton Family Foundation, Inc.
3. Lilly Endowment, Inc.
4. The Wallace Foundation
5. The Annenberg Foundation
6. Broad Foundation
7. The Ford Foundation
8. Oberkotter Foundation
9. The William and Flora Hewlett Foundation
10. H.N. and Frances C. Berger Foundation
11. Daniels Fund
12. J.A. and Kathryn Albertson Foundation, Inc.
13. The Starr Foundation
14. Carnegie Corporation of New York
15. Community Foundation Silicon Valley

Largest Donors to K-12 Education in 2010

1. Bill and Melinda Gates Foundation
2. Walton Family Foundation, Inc.
3. W.K. Kellogg Foundation
4. The Michael and Susan Dell Foundation
5. Silicon Valley Community Foundation
6. Robertson Foundation
7. Carnegie Corporation of New York
8. The William and Flora Hewlett Foundation
9. Broad Foundation
10. GE Foundation
11. The James Irvine Foundation
12. Doris & Donald Fisher Fund
13. Communities Foundation of Texas, Inc.
14. Daniels Fund
15. Ford Foundation

^a Tax return for this foundation was not located.

Appendix 2: Data and sources

Variable	Data Source
Grant dollars per student	Original data collection from IRS Form 990-PF for each of the 15 largest funders in 2000, 2005, and 2010. We attributed grants targeting one of the largest districts to the relevant district and divided the grant total by each district's enrollment in years 1999, 2004, and 2009, respectively. Enrollments come from the National Center for Education Statistics (NCES) Elementary and Secondary Information System (EISI).
Poverty rate, 5–17-year-olds	Calculated from the U.S. Census Bureau's Small Area Income and Poverty Estimates (SAIPE), which reports at school district level.
Expenditures per student	Reported by NCES EISI
Graduation rate (CPI)	Calculated according to the method described by Swanson (2003). Using a target year n , the Cumulative Promotion Index can be calculated as the product of four transitions <ol style="list-style-type: none"> 1. 10th grade enrollment in year $n + 1$ divided by 9th grade enrollment in year n. 2. 11th grade enrollment in year $n + 1$ divided by 10th grade enrollment in year n. 3. 12th grade enrollment in year $n + 1$ divided by 11th grade enrollment in year n. 4. Count of those receiving diplomas in year n divided by 12th grade enrollment in year n. Data on enrollment and diploma recipients come from NCES EISI and rates for 2000, 2005, and 2010 are 1999, 2004, and 2009, respectively.
Pupil-teacher ratio	Reported by NCES EISI.
Advocacy organization density	Number of social advocacy organizations at the MSA level is reported in economic censuses, which are conducted every five years. We use 1997 data for 2000, 2002 for 2005, and 2007 for 2010 and divide these figures by MSA population.
% of population with graduate degree	2000 and 2010 totals from the decennial census. 2005 from American Community Survey estimates.
State- or mayoral-controlled governance	Drawn from Wong et al. (2007). <i>The Education Mayor: Improving America's Schools</i> and supplemented with Internet searches for each district to identify any recent shifts in governance
Teach for America site	TFA website provides this information.
District in state with strong charter laws	The Center for Education Reform (CER) has provided grades on charter laws since 1996. We use years 2000, 2006, and 2010 reports because there was no 2005 report. CER classifies those with A or B grades as "strong" laws, and we do the same.

Appendix 3: Summary statistics for Tobit model variables

	2000		2005		2010	
	Mean	SD	Mean	SD	Mean	SD
Grant dollars per student	9.478	36.962	11.833	38.192	20.905	76.649
Poverty rate, 5–17-year-olds	14.983	8.390	17.627	9.514	21.494	10.062
Graduation rate (CPI)	61.432	16.303	65.051	15.092	68.691	14.026
Expenditures per student	7141.308	1386.501	9611.103	2296.738	11983.570	3871.709
Pupil-teacher ratio	17.944	2.515	16.972	2.740	16.627	3.121
Advocacy organization density	3.198	2.113	3.857	2.423	4.246	2.213
% of population with graduate degree	9.821	4.322	9.821	4.322	11.492	5.351
State- or mayoral-controlled governance	0.065	0.248	0.084	0.279	0.103	0.305
Teach for America site	0.206	0.406	0.243	0.431	0.364	0.484
District in state with strong charter laws	0.626	0.486	0.505	0.502	0.393	0.491